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March 24, 2014

**VIA ELECTRONIC FILING**

Jocelyn G. Boyd, Esquire  
Chief Clerk and Administrator  
**Public Service Commission of South Carolina**  
101 Executive Center Drive  
Columbia, South Carolina 29210

Re: Request of South Carolina Electric & Gas Company to Decrease Its Rate Rider Related to Pension costs from \$0.00051 to \$0.00004 Per Kilowatt Hour  
**Docket No. 2014-88-E**

Dear Ms. Boyd:

This is to acknowledge that the Office of Regulatory Staff ("ORS") has reviewed the filing in the above referenced Docket and discussed this matter with South Carolina Electric & Gas Company ("SCE&G" or "Company") representatives.

The application indicates that current actuarial estimates reflect a decrease in pension costs, resulting in a decrease to the Company's Pension Rider. The pension cost decreases are primarily driven by the recent performance of financial markets, rising interest rates, and the Company's amendment to its pension plan, which closes it to new entrants and subsequently ceases most benefit accruals. The only remaining benefit accruals are associated with interest credits accumulating for those participants on the cash balance plan. SCE&G requests this Pension Rider reduction be made effective to coincide with the effective date of the Company's annual fuel proceeding rates in Docket No. 2014-2-E.

Order No. 2012-951 approved the institution of this Rate Rider for pension expense recovery, which is subject to an annual true-up. SCE&G's proposal is in accordance with this Order and ORS has no objection to the Company's Request to lower the Pension Rider rate from \$0.00051 to \$0.00004 per kilowatt hour.

Thank you for the opportunity to provide our comments in this matter.

Sincerely,



John W. Flitter

JWF/swb

cc: Dan F. Arnett, Chief of Staff, SC ORS  
Nanette S. Edwards, Chief Counsel and Director of Legal Services and Telecommunications, SC ORS  
Jeffrey M. Nelson, Esquire, SC ORS  
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